

# LEVERAGING CDFIs TO CREATE QUALITY JOBS & FIGHT INCOME INEQUALITY

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# Moving Beyond Job Creation

*Defining and Measuring the Creation of Quality Jobs*

Daniel Brett, PCV InSight

# Research Questions

- What are the core characteristics of a quality job?
- How can CDFIs and others measure and track quality job creation?

# Research Approach

- Literature review
- 25+ in-depth interviews
- Review of impact measurement approaches and metrics
  - GIIN's Impact Reporting Investment Standards (IRIS)
  - B Lab's B Impact Assessment metrics
  - Impact reports from other CDFIs and impact investors

# What are the core characteristics of a quality job?

- A living wage
- Basic benefits
- Career-building opportunities
- Wealth-building opportunities
- A fair and engaging workplace

# Living wage

- Living wage
  - Does the organization offer employees a wage that can support one adult and one child?
  - Does the organization offer employees a wage that can support one adult?
- Industry wage
  - Does the organization offer employees a wage that meets or exceeds the median industry wage within their respective geographies?

# Basic benefits

- Paid leave
  - Does the organization offer paid sick, vacation, and parental leave? How much?
  - How many and what percentage of employees receive these benefits?
- Health insurance
  - Does the organization offer health insurance coverage to employees? How many and what percentage are covered?
- Retirement savings plan
  - Does the organization offer a retirement savings plan to employees? (E.g. 401(k), Roth 401(k), defined benefit pension plan)

# Career-building opportunities

- Training and mentorship
  - Is a formal training program offered by the organization during employee onboarding?
  - Does the organization pay, reimburse, or offer other support for employees in obtaining industry-certifications or other credentials?
  - Does the organization offer informal training *in addition to* the training provided during the onboarding process?
- Opportunities for advancement
  - How many positions have been filled by internal candidates within the last 12 months?
  - How many management positions are filled by internal candidates?

# Wealth-building opportunities

## ■ Profit sharing

- Does the organization offer an annual bonus plan based on its and/or individual's performance?
  - If so, what percentage of employees are eligible to participate?
- Does the organization offer an employee stock ownership plan, phantom stock, or stock appreciation rights?
  - If so, what percentage of employees are eligible to participate?

# Wealth-building opportunities (cont.)

- Contributions to retirement savings
  - Does the employer contribute to employees' retirement savings accounts?
- Other
  - Does the organization offer direct deposit?
  - Does the organization offer employees the U.S. Treasury Department's free myRA account?

# A fair and engaging workplace

- Flexible and predictable scheduling
  - Are employees allowed to set their schedules to accommodate family or personal priorities?
  - What percentage of employees have fixed work schedules?
  - How many days in advance, approximately, are employees with variable schedules informed of their schedule?
- Equal treatment and worker engagement
  - How many, and what percentage, of employees undergo a regular performance review?
  - Are key performance indicators (KPIs) shared regularly with employees?
  - Does the organization solicit ideas from employees to improve the organization? If so, how?

# The process for measuring impact

- To measure the creation of quality jobs, CDFIs and CDCs must have an impact measurement system
- The six-step process below is relevant to all organizations – even those not focused on quality jobs

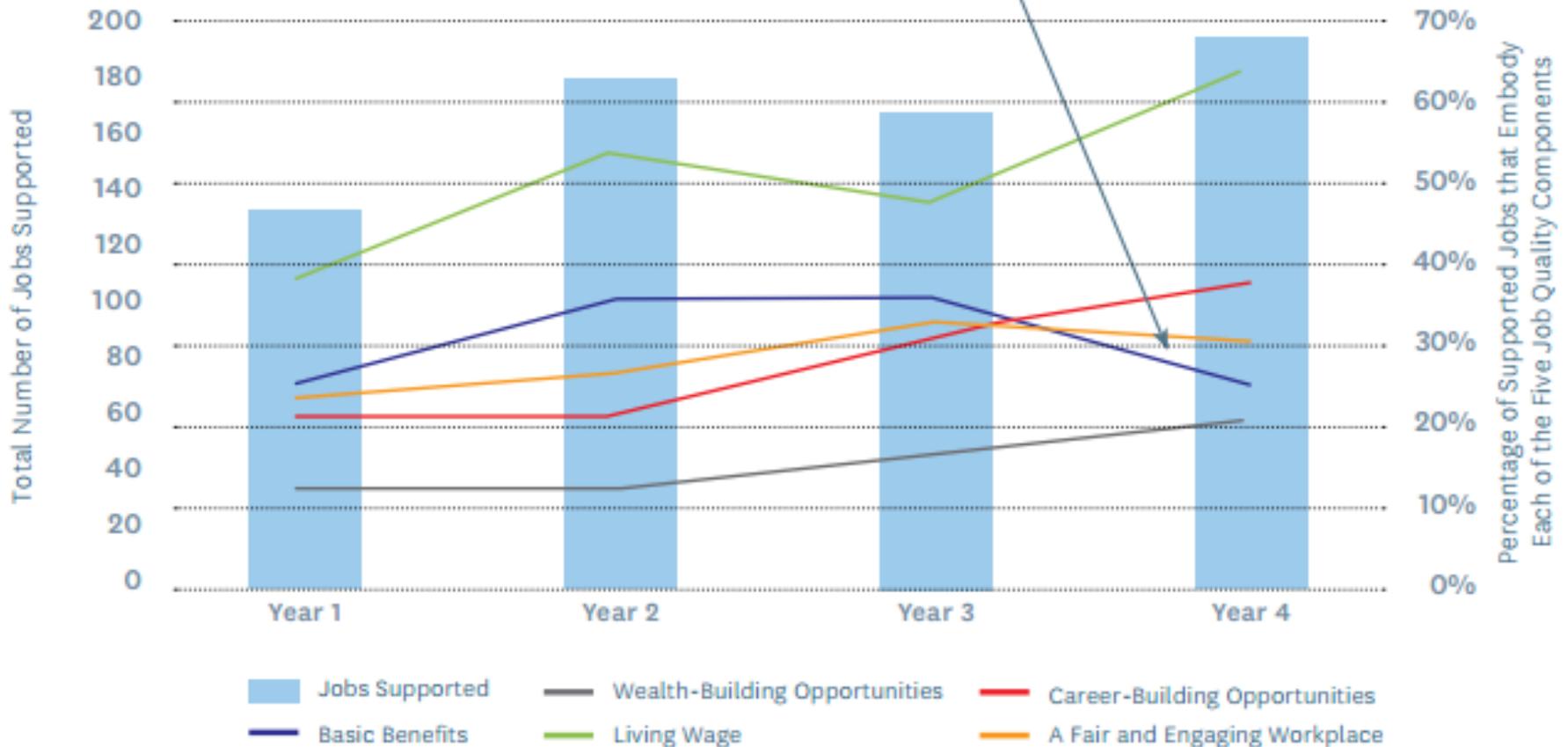


# Measuring quality jobs: 3 Steps

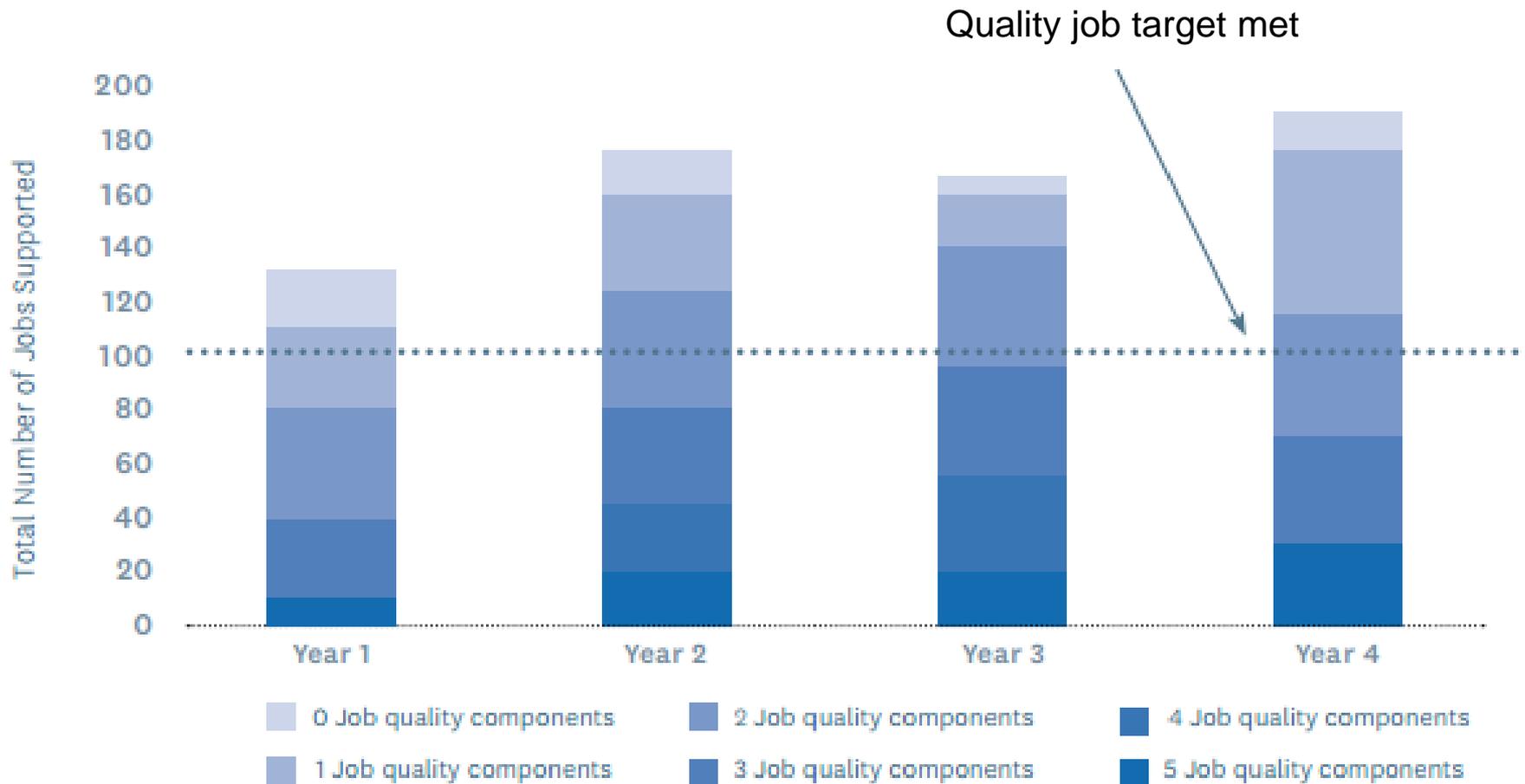
- 1. Choose questions:** select questions to assess whether job embodies each component
- 2. Create definitions:** Decide how you will determine whether a job embodies each component
- 3. Analyze results:** Determine number and percentage of jobs created that embody each component

# Measuring quality jobs

Despite improvements in job quality, jobs offering basic benefits declined in year 4



# Measuring quality jobs



# Lessons Learned in 2016-2017

- Definitions are important but no single definition applies to all contexts
- Creating quality jobs is more challenging for micro-enterprises and certain industries and regions
- For quality jobs to be created at scale, we need to make the business case for improving job quality
- Organizations should focus on *changes* in job quality, not just the # and % of quality jobs supported
- Measurement is necessary but insufficient to solving our jobs problem

# Thank You

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# What are the core characteristics of a quality job?

- A living wage
  - Living wage
  - Industry wage
- Basic benefits
  - Paid leave
  - Health insurance
  - Retirement savings plan
- Career-building opportunities
  - Training and mentorship
  - Opportunities for advancement
- Wealth-building opportunities
  - Profit sharing
- A fair and engaging workplace
  - Flexible and predictable scheduling
  - Equal treatment and worker engagement

**WE BELIEVE  
IN OPPORTUNITY.  
FOR ALL.**



# How CDFIs Promote Quality Jobs

■ Donna Fabiani, OFN | March 24, 2017

# Quality Jobs in the CDFI Industry

- 1000 CDFIs (US Treasury certified)
  - Subset finance small businesses
    - Subset focus on quality jobs

# Case Studies of CDFI Leaders in Quality Jobs

## Long-time CDFIs

- CEI (Brunswick, ME)
- New Hampshire Community Loan Fund (Concord, NH)
- Community First Fund (Lancaster, PA)

## Newer CDFIs

- Growth Opportunity Partners (Cleveland, OH)
- ICA Fund Good Jobs (Oakland, CA)

# CDFI Definitions of a Quality Job

- All 5 include at least one PCV component
  - training/advancement, employee engagement, wages, benefits, wealth building
- Plus:
  - Access to those who face barriers
  - Let employees define it

# Quality Jobs Strategies

1. Educate businesses on benefits of QJ
2. Help businesses develop QJ components
3. Help businesses lower operating costs
4. Monitor finances as QJ components introduced
5. Financing

# Partnerships Are Critical

- Workforce development organizations
  - Recruitment and training of employees
- Wide range of professionals
  - Business executives
  - Industry experts
  - HR experts
  - Accountants and lawyers

# Challenges

 Pipeline

 Cost

 Staff Expertise

 Funding

# Mutually Beneficial

- CED Grantees create demand for quality jobs
- Raise awareness among business owners
- More business owners seek help
- More CDFIs get involved in quality jobs
- Funders/investors become more aware and provide more funding to support quality jobs

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